



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 27, 2007

### **S. 1492**

### **Broadband Data Improvement Act**

*As ordered reported by the Senate Committee on Commerce, Science,  
and Transportation on July 19, 2007*

#### **SUMMARY**

S. 1492 would establish a federal grant program to support states' efforts to improve broadband communications service. It would require the Federal Communications Commission (FCC) to collect detailed data from broadband Internet companies. The bill would direct the Government Accountability Office to study broadband standards in the United States, as well as the availability and quality of broadband offerings in the United States and other countries. S. 1492 also would require the Small Business Administration to evaluate the impact of the speed and price of broadband service on small businesses.

Based on information from affected agencies and assuming appropriation of the necessary amounts, CBO estimates that implementing S. 1492 would cost \$202 million over the 2008-2012 period. Enacting S. 1492 would not affect direct spending or revenues.

S. 1492 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no cost on state, local, or tribal governments.

S. 1492 would impose a private-sector mandate, as defined in UMRA, on providers of broadband that currently submit broadband data reports to the FCC. Based on information from the FCC and industry sources, CBO estimates that the aggregate direct cost of complying with the mandate would fall below the annual threshold established by UMRA for private-sector mandates (\$131 million in 2007, adjusted annually for inflation).

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of S. 1492 is shown in the following table. The costs of this legislation fall within budget function 370 (commerce and housing credit).

	By Fiscal Year, in Millions of Dollars				
	2008	2009	2010	2011	2012
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>					
State Broadband Data and Development Grant Program					
Authorization Level	40	40	40	40	40
Estimated Outlays	25	40	50	45	40
Studies and Reports					
Estimated Authorization Level	2	0	0	0	0
Estimated Outlays	1	1	0	0	0
Total					
Estimated Authorization Level	42	40	40	40	40
Estimated Outlays	26	41	50	45	40

## **BASIS OF ESTIMATE**

For this estimate, CBO assumes that S. 1492 will be enacted near the start of fiscal year 2008 and that the necessary amounts will be appropriated for each fiscal year.

### **State Broadband Data and Development Grant Program**

Section 6 would authorize the appropriation of \$40 million annually over the 2008-2012 period for a grant program to support statewide initiatives to improve broadband service. Such grants would be used to measure, monitor, and expand the availability and use of broadband services. Based on historical spending patterns for similar activities, CBO estimates that the proposed grants would cost \$25 million in 2008 and \$200 million over the 2008-2012 period, assuming appropriation of the specified amounts.

### **Studies and Reports**

S. 1492 would require certain agencies to complete a variety of studies and reports related to broadband service. Based on information from the affected agencies, CBO estimates that fully funding those activities would cost \$2 million over the next two years, assuming appropriation of the necessary funds.

## **ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS**

S. 1492 contains no intergovernmental mandates as defined in UMRA and would impose no cost on state, local, or tribal governments.

## **ESTIMATED IMPACT ON THE PRIVATE SECTOR**

S. 1492 would impose a private-sector mandate, as defined in UMRA, because it would direct the FCC to revise its rule that requires providers of broadband services to report certain data. Under the bill, broadband providers would likely have to submit data on broadband availability and connections within nine-digit zip-code areas, instead of by five-digit zip codes as is currently required. According to the FCC, broadband providers currently transmit data electronically, and CBO assumes that the method of transmission would not change. Providers may incur additional costs, however, to organize their data based on the nine-digit zip code. According to industry sources, a large portion of broadband providers, maintaining data for roughly 58 million subscribers, already record information in this way. Consequently, CBO estimates that the incremental costs incurred by the industry to comply with the mandate would fall below the annual threshold for private-sector mandates. Depending on how the bill's requirements are implemented, however, the costs to the private sector could vary substantially.

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